(c) whether it is also a fact that Indian foreign exchange holdings now total US $ 185 billion;

(d) whether the buying of dollars by RBI is the primary cause of recent inflation; and

(e) the steps proposed to watch the activities of the RBI?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) Yes, Sir.

(b) The level of foreign exchange reserves depends on capital flows and current account balance and is composed, *inter alia,* of purchase/ sale of foreign currencies, valuation changes and aid receipts.

(c) India's foreign exchange reserves were US $ 193.1 billion on February 23, 2007.

(d) There is no direct one-to-one correspondence between foreign exchange reserves and inflation. The RBI has been sterilising capital flows to minimise the indirect impact on the economy as part of its monetary policy stance.

(e) Monetary policy comes under the purview of the RBI. RBI's overall monetary policy stance factors in the objective of price stability, reducing inflationary expectations while remaining supportive of growth, ensuring regular flow of credit and maintaining orderly conditions in financial markets.

Price rise

†2313. SHRI,LALIT KISHORE CHATURVEDI: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that price rise as well as inflation have increased so much during the last two years that it has become difficult to survive for common man;

(b) whether it is also a fact that one of the reasons for this is the increase in the volume of indirect taxes;

(c) whether it is also a fact that another reason for this is a faulty import-export policy; and

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†Original notice of the question was received in Hindi.

(d) if so, the action being taken for improvement in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) Sir, the average month-wise WPI based inflation for the last two years is indicated in the table below.

Table: WPI based Rate of Inflation (%)
(Average of weeks)

Year	2005	2006	2007
January	5.54	4.08	6.21*
February	5.01	4.03	6.42*
March	5.34	3.91	
April	5.91	3.86	
May	5.49	4.79	
June	4.32	5.12	
July	4.29	4.83	
August	3.66	5.12	
September	4.06	5.38	
October	4.71	5.51	
November	4.21	5 50	
December	4.45	5.68	

*Provisional

(b) and (c) No Sir.

(d) Does not arise in view of (b) and (c) above.

Aid to Andhra Pradesh for improvement of Medical Services

2314. SHRIMATI N.P DURGA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Department of Finance and Inernational Development has agreed to give Rs. 1,000 crores to improve medical services and reforms in the medical sector of Andhra Pradesh.